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SUBJECT: MEDIA REACTION: MIDDLE EAST, TAIWAN'S POLITICAL SITUATION,  
STATE DEPARTMENT'S TIP REPORT

¶1. Summary: Taiwan's major Chinese-language dailies focused their coverage July 19 on the new "collective leadership" decision-making style proposed by the DPP; First Lady Wu Shu-chen's alleged involvement in the Presidential Office's allowance for state affairs; and investigation into the Lafayette frigates kickback scandal. The pro-independence "Liberty Times," Taiwan's biggest daily, ran a banner headline on page two that read "Major Policies and Personnel Planned to Be Decided by Central Standing Committee; DPP Will Move Towards Collective Leadership." In addition, the pro-status quo "China Times" has, for the third consecutive day, devoted two inside pages to a special feature on Hong Kong, covering its democracy and economics since the handover to China nine years ago.

¶2. In terms of editorials and commentaries, a column in the mass-circulation "Apple Daily" discussed the crisis in the Middle East. The article said even though the conflict between Israel and Lebanon will escalate, the chances are slim for them to trigger a regional war. A "Liberty Times" editorial, on the other hand, discussed the "normalization" of cross-Strait charter flights, which will be launched today, saying the policy will test President Chen Shui-bian's credibility. An editorial in the limited-circulation, pro-independence, English-language "Taipei Times" said that to find a way out of the political crisis surrounding President Chen, the DPP should consider changing its decision-making system in the post-Chen era. A column in the pro-unification "United Daily News," however, criticized the Chen administration's political crisis by pointing to the State Department's 2006 Trafficking in Persons Report, in which Taiwan was downgraded to Tier 2 watch list. End summary.

¶3. Middle East

"A New War in the Middle East?"

Columnist Antonio Chiang commented in the mass-circulation "Apple Daily" [circulation: 500,000] (7/19):

"... On the surface, Israel launched relentless retaliatory actions against Hizbullah, but in reality, it has fears about the repercussions of its action. Lebanon is after all a pro-Western government; the situation will become more unfavorable for Israel if the incumbent Lebanese government is toppled and replaced by a pro-Syria regime. Even though the conflict between Israel and Lebanon will escalate, as a result of international restrictions, the chances are slim that they will trigger a regional war.

"First, the United States will not allow Hizbullah to upset its entire strategy for the Middle East, and will try its best to maintain stability in the status quo concerning Israel and Lebanon.

Second, the new Israeli government does not have the political capability to sustain the after-effects of a war. Third, except for Iran and Syria, no other Middle East country likes to see escalating conflict between Israel and Lebanon, since they all cautiously guard against radical organizations and any challenge to their regimes. ..."

#### 14. Taiwan's Political Situation

##### A) "Normalization of [Cross-Strait] Charter Flights Tests President Chen Shui-bian's Credibility"

The pro-independence "Liberty Times" [circulation: 600,000] editorialized (7/19):

"... The DPP has been upholding the banners of 'opening' and 'economic coordination' since it came into power. For the past six years, Taiwan's investments in China have far surpassed its investments in other neighboring countries. But Taiwan's economy has thus grown destitute and is showing many drawbacks. The DPP administration's top priority right now is to feel the pangs of its failures, take precautions after suffering losses, and revise its previous westbound policy that damaged the island's national interests. In his New Year's Day address, President Chen unveiled his new policy direction - 'proactive management' [of Taiwan's investments in China]. Chen also reminded the Taiwan people that China is not the only market in the world, and that internationalization is not equal to Sinicization; his purpose was to improve the island's prior China-leaning practices.

"But six months have passed, and all we saw were liberalization measures, one after the other, and nothing about proactive management. Evidently the DPP administration is not practicing what it preaches. Should we blame the administrative branch? No, the officials are all appointed by President Chen, so Chen should be held responsible for failing to implement his policy. ... But now the government is about to implement the project of normalizing cross-Strait charter flights. Whether the DPP government can stop

implementing its policy before it is too late is testing the wisdom of the ruler and Chen's credibility. All Taiwan people are watching [what Chen is going to do]."

##### B) "DPP Should Consider Post-Chen Era"

The pro-independence, English-language "Taipei Times" [circulation: 30,000] editorialized (7/19):

"... There is no disputing that the DPP faces a political crisis of unprecedented severity. It is also true that this crisis is due to Chen's mismanagement of state affairs. The president cannot escape responsibility for this, but so far his failures have been political and moral, not legal. In the political sphere, Chen has already delegated some of some of his powers, heralding the arrival of the post-Chen era. In the private sphere, Chen and his family are being worn down by the pressure being put on them by political foes and public opinion. But ultimately, Chen himself has not broken the law, and finding him guilty by association is unreasonable. ... In finding a way out of its crisis, the DPP should consider changing the system rather than simply blaming Chen. Whatever happens to Chen, the political scene and party affairs are now entering the 'post-Chen' era. The DPP National Convention, which begins on Saturday, should deliberate on the model of collective leadership operating through the Central Standing Committee. ..."

#### 15. State Department's TIP Report

"Still Daring to Talk about Building a Human Rights State?"

The "Black and White" column in the pro-unification "United Daily News" [circulation: 400,000] noted (7/19):

"In its 2006 Trafficking in Persons (TIP) Report, the State Department included Taiwan in the Tier 2 watch list. The United States evaluated the human rights situation in 150 countries, and Taiwan ranked number 106, even trailing behind Pakistan, Turkey, and Vietnam. Taiwan will likely receive economic sanctions from the United States if it is downgraded to Tier 3. ..."

"The Bian administration has repeatedly proclaimed that it has 'built a human rights state,' but in Washington's human rights assessment report, Taiwan is listed in the one-third domain of relatively poor human rights situations. Besides, it will be sanctioned once it is downgraded again. How embarrassing is that for Taiwan? The same situation also happened to Taiwan's economy: The Bian administration has repeatedly said it wants to 'strive for Taiwan's economy,' but the island's economy has declined to an unbearable state while all other Asian countries have made significant progress over the past years. ..."

YOUNG